

NEWS RELEASE



Office of Performance Evaluations Idaho Legislature

954 W. Jefferson Street, 10th Street Entrance, 2nd Floor
PO Box 83720, Boise, Idaho 83720-0055

FOR IMMEDIATE RELEASE

Date: January 18, 2016

FOR MORE INFORMATION:

**Rakesh Mohan, Director
208-332-1470**

Design of the Idaho Behavioral Health Plan

Full report and one-page highlights are available on the OPE website:
<http://www.legislature.idaho.gov/ope/>

(BOISE)—In a meeting of the Joint Legislative Oversight Committee, the Office of Performance Evaluations released an evaluation on the design of Medicaid managed care for mental health—the Idaho Behavioral Health Plan. Evaluators concluded that managed care has emphasized the Legislature’s and the Department of Health and Welfare’s goal of evidence-based practices. Managed care has also addressed the department’s concerns about the state’s overreliance on psychosocial rehabilitation.

Services for psychosocial rehabilitation grew dramatically after the department moved responsibility to providers for developing and regulating treatment plans in 2002. Costs for psychosocial rehabilitation increased ninefold—from \$8.3 million in 2001 to \$76.1 million in 2012. In response, the Legislature directed the department to move outpatient behavioral health services to managed care—a system that could improve member health outcomes while controlling costs.

The Idaho Behavioral Health Plan went live in September 2013 under contract with Optum, which was estimated at \$300 million for three years. The behavioral health plan reduced psychosocial rehabilitation and increased other services, most notably family therapy. Overall

savings has come from reduced spending per person, not from reducing the number of members receiving services.

In his formal response to the evaluation, Health and Welfare Director Richard Armstrong said, “The Department’s goal in implementing [managed care] was to create a cost-effective, evidence-based system of behavioral healthcare with a focus on recovery and resilience. While we have largely achieved that goal, we recognize that these changes have not been easy for certain providers and for some of the participants we serve.” After the transition to managed care, some providers were required to make major changes in their business and clinical models.

The department’s focus on evidence-based processes has been more successful in reducing psychosocial rehabilitation than it has in expanding services with savings from psychosocial rehabilitation. The department hoped managed care would strengthen the full range of member treatment by investing savings in communities. However, investment of savings has proved more difficult than the department planned. The department and Optum are working to create a modified spending plan for the savings.

Evaluators outlined three lessons learned in the design and implementation of the Idaho Behavioral Health Plan: (1) clearly communicate plans and choices for key aspects of new programs; (2) have a well-developed program design before going to contract; and (3) expect some difference between program design and vendor’s products—plan for necessary adjustments.

The department initially excluded inpatient services from the managed care system to focus on reforming outpatient services. With the progress the department has made, it faces another major decision—whether to expand managed care to include inpatient services. Idaho is the only state that excludes inpatient care, and evaluators pointed to potential benefits from including inpatient services but also risks given the vulnerability of the population being served. A formal evaluation will help the department improve its program design process and apply lessons learned from this first behavioral health managed care effort and improve its planning process for future efforts.

This is the sixth OPE report on aspects of state contracting. Lessons and recommendations from these reports are equally useful to all state agencies that design and implement complex policies.

1. [Design of the Idaho Behavioral Health Plan](#) (2016)
2. [Idaho's Instructional Management System \(Schoolnet\) Offers Lessons for Future IT Projects](#) (2015)
3. [The K–12 Longitudinal Data System \(ISEE\)](#) (2015)
4. [Strengthening Contract Management in Idaho](#) (2013)
5. [Delays in Medicaid Claims Processing](#) (2011)
6. [Idaho Student Information Management System \(ISIMS\): Lessons for Future Technology Products](#) (2006)

The Office of Performance Evaluations is a nonpartisan, independent office that evaluates whether state government programs and agencies are operating efficiently and cost-effectively and are achieving intended results. OPE conducts all reviews in response to direction from a bipartisan committee of the Legislature—the Joint Legislative Oversight Committee. OPE's reviews are used by the Legislature to make policy and budget decisions and by agencies to improve performance.